

Instructions for the Cost/Accountability Reports

COVID Related Information and Updates

The Health and Human Services Commission (HHSC) Provider Finance Department (PFD) has developed the below information to provide guidance and address questions pertaining to the 2020 and 2021 Cost/2021 and 2022 Accountability Reports related to COVID-19. The following sections include guidance on COVID-19-related revenue providers may have received and instructs when to report or offset revenue against incurred expenses. Additionally, the Cost/Accountability Reports were updated to include questions designed to collect information on the initial impact of COVID-19 from providers. Those questions and instructions are below.

COVID-19 Funding Questions

CARES ACT

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress and signed into law by President Trump on March 27th, 2020. The CARES Act provides that “...these funds may not be used to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse....”ⁱ In this case, Medicaid is considered an “Other Source” that is obligated to reimburse the expense of providing Medicaid services.

Furthermore, Title 1 of the Texas Administrative Code (TAC) §355.103(b)(18)(B), provides, “Grants and contracts from federal, state or local government, such as transportation grants, United States Department of Agriculture grants, education grants, Housing and Urban Development grants, and Community Service Block Grants, should be offset, prior to reporting on the cost report, against the particular cost or group of costs for which the grant was intended....” For purposes of the Cost/Accountability reports, the CARES Act Provider Relief Funds, the Paycheck Protection Program (PPP) and portions of the Economic Injury Disaster Loans are considered grants to the extent the funds are forgiven under the terms of the loan programs and/or the terms and conditions of the funds received.

CARES ACT - Provider Relief Funds

Qualified providers of health care, services, and support may receive Provider Relief Fund payments for healthcare-related expenses or lost revenue due to COVID-19. These distributions do not need to be repaid to the US government, assuming providers comply with the terms and conditions.

For the Cost/Accountability Reports, providers and cost report preparers should offset any PRF recognized as revenue by the provider based on increased costs due to COVID-19 not

reimbursed by another source against any cost or group of costs incurred to prepare for, prevent, or respond to coronavirus otherwise recorded on the provider unadjusted trial balance prior to reporting on the actual cost report. Providers can reflect the detail of this offset in the trial balance or allocation summary uploaded as supporting documentation and report the final adjusted expenses on the cost or accountability report. An example may include, but are not limited to:

- A facility experiences an increase in expenses related to COVID-19 of \$100,000. Assuming the \$100,000 of additional COVID-19 related cost was paid for using PRF funds, the \$100,000 would be offset against any expense incurred to prepare for, prevent, or respond to coronavirus prior to reporting on the cost report and can be reflected in the provider's trial balance or allocation summary.

PRF revenue recognized as a result of lost revenue should not reduce any expenses included on the unadjusted trial balance prior to those expenses being reported on the cost report because these lost revenue dollars are not associated with any specific expense. For Nursing Facility cost reports, this PRF revenue recognized as a result of lost revenue should instead be reported as "Gifts, Grants, Donations, Endowments and Trusts" on step 5 of the cost or accountability report as applicable and will have no impact on allowable expenses reported. For Community Care cost reports, this PRF revenue recognized as a result of lost revenue should instead be reported as "Grants and Contracts from Federal, State and Local Government Sources" on step 5 of the cost or accountability report as applicable and will have no impact on allowable expenses reported.

CARES ACT – Paycheck Protection Program

The Cares Act also established the Paycheck Protection Program (PPP). PPP funds are forgivable per the terms and conditions of the program.

For the Cost/Accountability Reports, providers and cost report preparers should offset an amount equal to any staff wages reimbursed by PPP against any otherwise incurred salary, during the cost reporting period, prior to reporting. An offset should also be made to any other non-payroll related expense for the portion of the PPP loan utilized for those non payroll items. Providers can reflect the detail of this offset in the trial balance or allocation summary uploaded as supporting documentation and report the final adjusted expenses on the cost or accountability report. An example may include, but is not limited to:

- A facility received a PPP loan in the amount of \$10,000 and met the requirements for forgiveness prior to their fiscal year end. Assuming 60% of the loan amount was used for payroll related costs and 40% was used for non-payroll costs, an offset of \$6,000 would occur against any department(s) otherwise incurred payroll related expenses and \$4,000

would be offset against any non-payroll related expenses on the unadjusted trial balance prior to reporting the net wages on the cost or accountability report.

Temporary COVID-19 Add-On Rate Increases for Nursing Facilities and certain HCS Providers

Nursing Facility (NF) and certain HCS providers received a temporary COVID-19 rate add-on effective April 1, 2020, that will conclude no later than the end of the federally-declared public health emergency (PHE).

The payment rate add-ons for the HCS waiver only apply to providers delivering in-home day habilitation services to persons with intellectual disabilities or related conditions residing in three or four-bed group homes and receiving Supervised Living or Residential Support Services. These rate increases will apply to the current day habilitation rates so that providers delivering services in group homes can maintain hourly direct care staff wages due to reduced client to staff ratios. NF providers may utilize the additional funding for COVID-related expenses, including direct care staff salary and wages, PPE, and dietary needs/supplies.

The costs compensated with these funds should be included on the cost report in the applicable section(s) and not be reduced by the amount of the temporary rate increase earned.

Rate Enhancement

Providers enrolled in the Attendant Compensation/Direct Care Compensation Rate Enhancement program receive additional funds to provide increased wages and benefits for attendants or direct care staff and must demonstrate compliance with enhanced staffing or spending requirements. Spending requirements related to rate enhancement are only applicable to paid units reported on the cost/accountability reports. TAC §§355.308(j) and 355.112(s) outlines the determination of staffing requirements for rate enhancement participants. As it relates to staffing, which is based on direct care hours, the offset of PRF and PPP revenues described above should not impact the hours reported for any department on the cost or accountability report. While the offset of some of the PRF and PPP revenues could reduce certain salaries reported on the cost report the number of hours reported should agree to the actual hours related to the unadjusted salaries because even if the salary was paid for using PRF or PPP dollars the actual hours incurred did not change and should not be reduced on the cost or accountability report. In these instances, the provider may be required to provide an explanation and should reference the PRF or PPP offset.

Local Funds

Pursuant to TAC §355.103(b)(18)(B), “Grants and contracts from federal, state or local government, such as transportation grants, United States Department of Agriculture grants, education grants, Housing and Urban Development grants, and Community Service Block

Grants, should be offset, prior to reporting on the cost report, against the particular cost or group of costs for which the grant was intended....”. If you have any questions about the treatment of local funds for purposes of the cost report, please contact the LTSS Center for Information and Training at PFD-LTSS@hhs.texas.gov.

Supporting Documentation

As in prior years, providers may be required to submit support documenting (e.g., trial balances, allocation summary, etc.) to support the information reported in their 2020 Cost/Accountability Report.

The state acknowledges providers may be required to submit reports to local or federal jurisdictions based on funds received (e.g. PRF, etc...). Do not provide the State with a copy of these reports and/or any applicable support documentation for these reports.

COVID-19 Related Questions

Beginning in the 2020 Cost Reports, HHSC PFD included optional questions in Step 4 to obtain information on how providers were impacted by COVID-19 in their cost report year. These questions are similar to questions previous included for natural disasters (e.g., hurricanes). The responses will assist HHSC in evaluating potential short- and long-term impacts to providers. The questions and applicable instructions are below:

Did you experience a decrease in costs/utilization directly related to COVID-19?

HHSC acknowledges providers may have experienced a decrease in costs and/or utilization related to COVID-19. It is possible; a provider would experience a decrease in cost or utilization and also experience an increase in costs (see next question).

Click either “Yes” or “No”.

Did you incur an increase in costs directly related to COVID-19? For example, some providers may have paid more for Personal Protective Equipment (PPE) – either because they had to purchase more PPE and/or it was more expensive.

Click either “Yes” or “No”.

If “Yes” is clicked, you will be prompted with the following questions.

- a) If Yes, was it an increase in unit of service?
Click either “Yes” or “No”.

- b) If Yes, was it due to an increase in costs per unit of service?
Click either “Yes” or “No”.

Did you incur costs for a category(ies) that historically is not incurred when administrating/delivering this program/service? If Yes, please upload the excel template outlining these costs.

This question is specific to “new” costs that the provider historically has not incurred. Click either “Yes” or “No”. If “Yes” is clicked, you will be prompted to upload an excel template outlining these costs and categories.

Did you receive local, state or federal grants directly related to COVID-19?

Click either “Yes” or “No”. If “Yes” is clicked, you will be prompted to enter the total amount of the grant(s) received and used during the cost report year for either local, state, federal or other categories. Do not include grant funds you received that will either be returned to the granting authority or utilized in subsequent cost report years.

Please round your reported amount to the nearest whole dollar.

ⁱ [CARES Act, H.R. 748, 116th Cong.](#)